

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 812 – HB 1278**

April 7, 2009

**SUMMARY OF AMENDMENT (006080):** Establishes additional limits for compensation rates for services should the creditor and the individual reach an agreement that settles the debt for less than the principal amount. Makes technical changes within the bill. Requires the Director of Consumer Affairs in the Department of Commerce and Insurance to establish fees and penalties in amounts sufficient to make the operation of this program self-supporting.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue - \$62,500/One-Time  
\$75,000/Recurring  
Increase State Expenditures - \$18,600/One-Time  
\$241,800/Recurring  
  
Increase Local Revenue – Not Significant  
Increase Local Expenditures – Not Significant

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue - \$506,300/One-Time/Debt  
Management Board  
\$487,500/Biennially Beginning  
FY11-12/Debt Management Board**  
**Increase State Expenditures - \$18,600/One-Time/Debt  
Management Board  
\$242,100/Recurring/Debt  
Management Board**  
  
**Increase Local Revenue – Not Significant  
Increase Local Expenditures – Not Significant**

Assumptions applied to amendment:

- A total of 250 registrants with 50 new registrants each year.

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- Initial fees would have to be set at \$2,025 to cover the one-time expenditures and the operation of the Debt Management Board for the first two-year period. A one-time increase in state revenue is estimated to equal \$506,250 (\$2,025 x 250).
- Renewal fees and initial registration fees will be set at \$1,950 beginning in FY11-12 for a biennial increase in state revenue estimated to equal \$487,500 (\$1,950 x 250).
- The one-time increase in state expenditures is estimated to be \$18,600 (\$5,600 computer costs + \$8,000 office landscaping + \$5,000 Office of Information Resources).
- The Division of Consumer Affairs in the Department of Commerce and Insurance will require additional staff. The addition personnel will consist of one staff attorney at \$64,384 (\$48,048 salary + \$16,336 benefits), one consumer protection specialist at \$45,892 (\$34,248 salary + \$11,644 benefits), and two licensing technicians at \$74,738 (\$27,888 salary + \$9,481 benefits x 2). The recurring increase in state expenditures is estimated to be \$242,114 (\$138,072 salaries + \$46,942 benefits + \$44,800 administrative cost allocation + \$4,300 network costs + \$4,000 computer replacement fund + \$4,000 supplies and communication).
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes, and costs collected. These expenditures and revenue are estimated to be not significant.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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